


Government of the District of Columbia
Office of the Chief Financial Officer



Natwar M. Gandhi
Chief Financial Officer

MEMORANDUM

TO: The Honorable Vincent C. Gray
Chairman, Council of the District of Columbia

FROM: Natwar M. Gandhi 
Chief Financial Officer

DATE: November 5, 2010

SUBJECT: Fiscal Impact Statement – “Fiscal Year 2011 Income Tax Secured Revenue Refunding Bond Issuance Emergency Approval Act of 2010”

REFERENCE: Draft, No Bill Number

Conclusion

Funds are sufficient in the FY 2011 through FY 2014 budget and financial plan to implement the provisions of the proposed resolution.

Background

The proposed resolution would approve the issuance and sale of income tax secured revenue bonds of up to \$70 million in aggregate principal amount pursuant to the Income Tax Secured Bond Authorization Act of 2008.¹ The proceeds would be used to refund certain outstanding variable rate income tax secured revenue bonds and to pay all costs associated with restructuring, issuing, securing, marketing, and maintaining the said debt instruments.

When a bond is refunded, the proceeds from the sale of the new (or “refunding”) bonds are held in escrow with a trustee until the maturity date of the original bonds, at which time investors are paid in full. The District’s intent is to refund these outstanding variable rate bonds through the proceeds of the new bonds authorized by the proposed resolution, and repay them at maturity (December 1, 2010).

The Chief Financial Officer would be authorized to determine whether to issue the bonds as income tax secured revenue bonds or general obligation bonds, or both, and decide the principal amount of each type.

¹ Income Tax Secured Bond Authorization Act of 2008 effective October 22, 2008 (D.C. Law 17-254; D.C. Official Code § 47-340.26 *et seq.*)

The Honorable Vincent C. Gray

DRAFT: "Fiscal Year 2011 Income Tax Secured Revenue Refunding Bond Issuance Emergency Approval Act of 2010," as Introduced

Financial Plan Impact

Funds are sufficient in the FY 2011 through FY 2014 budget and financial plan to implement the provisions of the proposed resolution. The fiscal effect of the proposed borrowing is already incorporated into the District's budget and financial plan.